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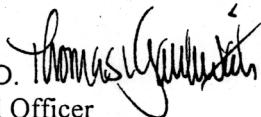
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November 20, 2002

TO: Each Supervisor

FROM: Thomas L. Garthwaite, M.D. 
Director and Chief Medical Officer

SUBJECT: **HIV/AIDS EXPENDITURES BY SERVICE PLANNING AREA**

On August 27, 2002, your Board directed the Department of Health Services (DHS) to return with a proposed financial report that shows HIV/AIDS expenditures by Service Planning Area.

The Office of AIDS Programs and Policy (OAPP) is currently tracking and reporting monthly HIV/AIDS expenditures by funding source, service category, service provider and contract schedule (over 600 schedules). In consultation with the Chief Administrative Officer and the Auditor Controller, OAPP has developed the following implementation plan to expand the reports currently produced to report expenditures by Service Planning Area. Attached is a prototype of the expanded report. A separate report will be generated for each funding source.

Nearly three-fourths (73 percent) of all contract budget schedules administered by OAPP support services are delivered in a single Service Planning Area. These schedules comprise two-thirds (66 percent) of all direct service funding managed by OAPP through contracts. Effective immediately, OAPP will expand its reporting to include monthly expenditures by Service Planning Area for these schedules. Quarterly reports will be issued reflecting the most recent month's expenditures as well as year-to-date expenditures by Service Planning Area.

The remaining 34 percent of direct service dollars (about one-fourth of the contract budget schedules) support services provided in multiple Service Planning Areas or County-wide. These schedules support services that are provided in ways that are designed to be very flexible, highly mobile or geographically diffuse. Many of the contract budget schedules emphasize a particular behavioral risk group, rather than one or more geographic areas. Renegotiation and implementation of new contract budget schedules based upon Service Planning Area would create an extraordinary programmatic and administrative burden for service providers and may hinder the achievement of programmatic goals.

The Department proposes that expenditures incurred against these multiple Service Planning Area contract budget schedules be reported and tracked through the following methodology.

Over the next 90 days, OAPP will notify all providers regarding the Board's request to track expenditures by Service Planning Area based upon service site location, conduct a training regarding the development of acceptable cost allocation methodologies and work with provider agency staff to develop these methodologies. During training, providers will be instructed to consider factors such as services provided by subcontractors and services provided at sites not within the contractor's site control.

To ensure appropriateness and consistency, OAPP staff will review proposed allocation methodologies prior to implementation and will seek the technical assistance of the Auditor-Controller during this review. As allocation methodologies are approved for each schedule, OAPP will begin to track the proportion and amount of dollars expended monthly by Service Planning Area.

Ongoing review of approved allocation methodologies will be achieved through program management activities conducted by OAPP staff. Staff will include in their review an assessment to determine whether the allocation methodology is consistent with the actual provision of services in each Service Planning Area.

With the submission of annual cost reports due 30 days after contract year-end, providers will compare allocated costs to actual costs per Service Planning Area and make adjustments, as appropriate. After cost reports have been processed, a final report will be generated for the contract year.

Subsequent to year-end closing, fiscal monitoring activities will be conducted by staff of the Department's Centralized Contract Monitoring Division to review whether actual costs are allocated, recorded, and reported appropriately.

In preparation for each contract term, OAPP will negotiate with providers to review and adjust allocation methodologies and service delivery sites, as appropriate.

Quarterly reports will be issued by OAPP reflecting the most recent month's expenditures as well as year-to-date expenditures by Service Planning Area. These reports will be used to further inform decision making that occurs late in the third quarter of each contract term regarding the redirection of any unspent funds.

DHS is currently assessing the additional service provider and DHS staff time that will be required to develop and implement this plan to report, track, and monitor HIV/AIDS expenditures by Service Planning Area. Feedback received to date from a sample of service providers is attached.

If you have any questions or need additional information, please let me know.

TLG:ch
208:024

Attachments

Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors
Auditor Controller
Commission on HIV Health Services